

Message Text

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ACTION IO-14

INFO OCT-01 AGRE-00 USIA-06 AID-05 EB-08 AF-10 ARA-10

EA-10 EUR-12 NEA-10 L-03 COME-00 ISO-00 TRSE-00

OIC-02 CEA-01 CIAE-00 FRB-03 INR-07 NSAE-00 SP-02

STR-05 LAB-04 SIL-01 OMB-01 /115 W

-----130054 252011Z /64

R 251831Z OCT 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8006

INFO AMEMBASSY BANGKOK

AMEMBASSY DACCA

AMEMBASSY NEW DELHI

AMEMBASSY BONN

AMEMBASSY LONDON

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FODAG

E. O. 11652: N/A

TAGS: FAO, OCON, ETRD

SUBJ: 13TH SESSION INTERGOVERNMENTAL GROUP ON JUTE AND JUTE
PRODUCTS, ROME, 19-21 OCTOBER 1977

SUMMARY: THE 13TH SESSION OF THE INTERGOVERNMENTAL GROUP
ON JUTE AND JUTE PRODUCTS MET IN ROME FROM OCTOBER 19-21.
THE MEETING MAINTAINED A SERIOUS WORKING ATMOSPHERE SUB-
STANTIALLY DIRECTED TOWARDS THE TECHNICAL ASPECTS OF THE
JUTE TRADE. THE GROUP REVIEWED THE CURRENT SITUATION AND
SHORT-TERM OUTLOOK FOR JUTE, AND AGREED TO SET NEW INDICATIVE
PRICE RANGES FOR BOTH BANGLADESH JUTE AND THAI KENAF. IT
ALSO RECEIVED A BRIEF REPORT ON JUTE INTERNATIONAL AND ON
CURRENT WORK IN THE AREA OF RESEARCH AND DEVELOPMENT IN
VARIOUS COUNTRIES. END SUMMARY

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1. REVIEW OF THE CURRENT SITUATION AND OUTLOOK: THE GROUP
RECEIVED REPORTS FROM THE FAO SECRETARIAT AND FROM
INDIVIDUAL COUNTRIES ON THE CURRENT SITUATION AND OUTLOOK
FOR JUTE. MOST REPORTS INDICATED THAT THE CURRENT
SHORTAGE OF RAW JUTE IS A SERIOUS ONE WHICH IS PUTTING
STRONG UPWARD PRESSURE ON PRICES. THIS SITUATION WAS
EMPHASIZED BY THE FACT THAT SHORTLY BEFORE THE MEETING

THE ACTUAL PRICE OF JUTE EXPORTED FROM BANGLADESH ROSE ABOVE THE AGREED INDICATIVE PRICE RANGE FOR THE FIRST TIME IN SEVERAL YEARS. CONSUMER COUNTRIES EXPRESSED SYMPATHY FOR THE PROBLEMS OF COST AND SUPPLY FACED BY PRODUCING COUNTRIES, BUT STRESSED THE CONTINUING COMPETITION FROM SYNTHETICS, ESPECIALLY AS EUROPEAN POLYESTER PRICES ARE VERY LOW, AND THE NEED TO KEEP JUTE PRICES COMPETITIVE. DURING THE DISCUSSION, WHICH INCLUDED A REVIEW OF COMPETITION FROM SYNTHETICS, THE QUESTION OF OBTAINING INFORMATION ON SYNTHETIC COSTS WAS RAISED AGAIN. THE FAO SECRETARIAT SOUGHT A STRONGER MANDATE FROM THE GROUP TO CONTINUE ITS EFFORTS TO OBTAIN SUCH INFORMATION, PARTICULARLY FROM EUROPE AND THE DEVELOPING COUNTRIES. IT NOTED THAT IT FELT ITS INFORMATION OBTAINED FROM INDUSTRY IN THE UNITED STATES WAS FAIRLY COMPLETE. IT ALSO ANNOUNCED THAT A STUDY WOULD BE DONE IN THE NEAR FUTURE ON THE SITUATION IN EASTERN EUROPE. (THE USSR DECLINED VISIT OF FAO EXPERT ON GROUNDS THEY HAD NO INFORMATION ON THEIR JUTE INDUSTRY, SIC.)

2. INDICATIVE PRICE RANGE FOR BANGLADESH RAW JUTE:
AFTER ONE FULL DAY OF NEGOTIATIONS THE GROUP AGREED TO RAISE THE INDICATIVE PRICE RANGE FOR BANGLADESH JUTE (BWD) F.O.B. CHITTAGONG/CHALNA TO \$335 PLUS \$20 PER LONG TON. THE RESULTING PRICE IS NEAR THAT WHICH MOST DELEGATIONS EXPECTED EARLY IN THE NEGOTIATIONS, BUT LIMITED OFFICIAL USE

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THERE SEEMED TO BE A FEELING ON THE PART OF SEVERAL KEY DELEGATIONS THAT THE BARGAINING GAME HAD TO BE FULLY PLAYED OUT. BANGLADESH DID ALL THE NEGOTIATING ON THE PRODUCER SIDE WITH INDIA STRANGELY SILENT.

3. INDICATIVE PRICE RANGE FOR THAI KENAF: THE THAI DELEGATION WAS NOT WELL PREPARED AND HAD THE ADDED DISADVANTAGE OF SPLITTING ITS DELEGATION IN ORDER TO FILL THE CHAIR. THEY INDICATED A STRONG INTEREST IN RE-ESTABLISHING AN INDICATIVE PRICE RANGE FOR THAI KENAF. THE EC WAS RELUCTANT TO GIVE ANYTHING HIGHER THAN A 30 PERCENT DIFFERENTIAL BETWEEN BANGLADESH JUTE AND THAI KENAF DUE TO THE LOWER QUALITY OF THE LATTER. HOWEVER, THE MEETING FINALLY AGREED TO A PRICE RANGE OF \$251 PLUS \$15 PER METRIC TON. THIS IS SUBSTANTIALLY BELOW CURRENT PRICE LEVELS AND ALSO CLOSES THE DIFFERENTIAL TO ABOUT 25 PERCENT.

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4. JUTE INTERNATIONAL: THE MEETING WAS ALSO ATTENDED BY H. NABULSI, FORMER UNDP OFFICIAL WITH RESPONSIBILITY FOR JUTE INTERNATIONAL. NABULSI IS CURRENTLY HEAD OF THE UNITED NATIONS VOLUNTEER PROGRAM IN GENEVA, BUT HAS BEEN RELEASED FOR A SPECIAL MISSION TO THE PRODUCING COUNTRIES TO TRY TO REMOVE REMAINNG OBSTACLES TO THE ESTABLISHMENT OF THIS ORGANIZATION. THE RECENT RESOLUTION OF THE WATERFLOW DISPUTE BETWEEN INDIA AND BANGLADESH MAY HAVE MADE PROSPECTS FOR THIS SOMEWHAT MORE OPTIMISTIC. IN ANY CASE, NABULSI HOPES TO MAKE SUBSTANTIAL PROGRESS ON JUTE INTERNATIONAL BY THE END OF THIS YEAR. SOME DELEGATES, HOWEVER, EXPRESSED THEIR PRIVATE OPINION THAT IF MORE PROGRESS IS MADE, NEPAL WILL FIND REASONS FOR PULLING OUT. BANGLADESH DELEGATES INDICATED IT WAS AN ERROR TO LINK SOLUTION OF WATER DISPUTE TO SETTLEMENT OF JUTE INTERNATIONAL.
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THEY SAID THAT THEY WANTED TO MAKE SOME CHANGES IN PRESENT DRAFT AGREEMENT.

5. DATE AND PLACE OF NEXT MEETING: THE MEETING AGREED

TO HOLD THE NEXT MEETING IN OCTOBER, 1978, AT FAO HEADQUARTERS. BANGLADESH REQUESTED A RETURN TO THE FORMER PRACTICE OF TWO MEETINGS PER YEAR, BUT THIS WAS FIRMLY SQUASHED BY THE FAO SECRETARIAT WHICH NOTED THE FAO DIRECTOR GENERAL'S DIRECTIVE TO LIMIT THE NUMBER OF MEETINGS AS MUCH AS POSSIBLE IN THE FUTURE. MOST COUNTRIES SUPPORTED THIS POSITION WITH THE STIPULATION THAT IF CIRCUMSTANCES SO JUSTIFIED, A SPECIAL MEETING COULD BE CALLED. THE USDEL SIMPLY INDICATED A WILLINGNESS TO LISTEN TO ARGUMENTS FOR EITHER CASE.

6. CONSUMER PARTICIPATION: THE MOST ACTIVE CONSUMERS ATTENDING THE MEETING WERE THE EC DELEGATIONS (UK, GERMANY, FRANCE, NETHERLANDS, AND ITALY). BELGIUM DID NOT ATTEND AND GERMANY SERVED AS SPOKESMAN, A SOMEWHAT UNWELCOME CHANGE FOR PRODUCERS WHO HAVE BEEN USED TO THE UK'S MORE CONCILIATORY APPROACH. REPRESENTATIVES OF EUROPEAN INDUSTRY SPOKE ALMOST AS OFTEN AS GOVERNMENT REPRESENTATIVES. AN INTERESTING, NEW DEVELOPMENT WAS THE ACTIVE PARTICIPATION OF DEVELOPING COUNTRY CONSUMERS, NOTABLY PAKISTAN, GHANA, AND ZAMBIA. THESE ALL PLEADED WITH BANGLADESH TO MAINTAIN PRICES AS LOW AS POSSIBLE.

7. PRODUCER PARTICIPATION: PRODUCER PARTICIPATION WAS ALMOST EXCLUSIVELY LIMITED TO BANGLADESH. NEPAL DID NOT ATTEND THE MEETING, AND INDIA RELIED ON ITS ROME REPRESENTATIVE RATHER THAN SENDING A DELEGATION FROM NEW DELHI. INDIA SPOKE ONLY ONCE DURING THE MEETING, AND THAT WAS ON R&D. BANGLADESH WAS LED BY CHISTY FROM THE LIMITED OFFICIAL USE

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MINISTRY OF JUTE IN DACCA WHO MAINTAINED A RESTRAINED AND TECHNICAL APPROACH.

8. UNCTAD REPRESENTATION: UNCTAD WAS REPRESENTED BY TAKAMASA AKIYAMA FROM THE COMMODITIES DIVISION. AKIYAMA IS ONE OF THE MORE OBJECTIVE AND TECHNICALLY ORIENTED MEMBERS OF THE UNCTAD STAFF. HE IS CURRENTLY WORKING ON AN ECONOMETRIC STUDY OF PRICE FLUCTUATIONS. THIS WAS STIMULATED BY THE ANNOUNCEMENT AT THE LAST UNCTAD MEETING OF THE U.S. EFFORT IN THIS AREA. HE IS INTERESTED IN COORDINATING HIS EFFORTS WITH THE U.S. AND HOPES TO VISIT WASHINGTON IN NOVEMBER OR DECEMBER IF THE UNCTAD SECRETARIAT WILL AUTHORIZE THE TRIP. AS STATED, BEFORE THE MEETING CONCENTRATED ON TECHNICAL PROBLEMS OF THE JUTE MARKET WITH LITTLE DISCUSSION OF THE UNCTAD INTEGRATED COMMODITY PROGRAM AND NO MENTION OF THE COMMON FUND. HOLMES

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Message Attributes

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Disposition Date: 22 May 2009
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